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INFO RUCNRAQ/IRAQ COLLECTIVE

C O N F I D E N T I A L SECTION 01 OF 02 BAGHDAD 003976

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E.O. 12958: DECL: 12/06/2017

TAGS: [PREL](#) [PGOV](#) [PINR](#) [IZ](#)

SUBJECT: DEPUTY SECRETARY MEETS WITH DIYALA PROVINCIAL LEADERS

Classified By: Charge d'Affaires Patricia A. Butenis for reasons 1.4(b) and (d).

**¶1.** (U) This is a Diyala PRT reporting cable.

**¶2.** (C) Summary: Eight Executive and Provincial Council (PC) members from Diyala Province met on November 29 with Deputy Secretary Negroponte at Forward Operating Base Warhorse

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(Baqubah). They confirmed dramatic improvements in the security situation in Diyala over the past six months which now allowed the provincial government to start focusing on economic and social challenges. The Governor, Provincial Council (PC) Chairman, and Deputy Governor identified combating corruption, establishing economic security, and building the capacity of the legal and justice system as high priorities. The PC Chairman warned that al Qaeda (AQI) remains active in the province. He claimed that better monitoring of the border with Iran would resolve fifty percent of the province's security problems. All complained of insufficient GOI support, pointing to GOI failure to pass critical legislation, including on elections and De-Baathification, and underscoring the inadequacy of GOI economic assistance. Provincial officials requested U.S. support to construct an electric plant, refurbish an oil refinery in the Khanaqin area, secure the border with Iran, develop agriculture projects, and build transformative institutions of law and learning. End Summary.

Security Improvements Provide Opportunity for Focus on Development

**¶3.** (C) Meeting with the Deputy Secretary at FOB Warhorse in Baqubah on November 29, Governor Ra'ad, PC Chairman Ibrahim, Deputy Governor Auwf, and five other provincial officials affirmed that the security situation in Diyala had improved significantly in the last six months. They asserted that provincial authorities now had the space to focus on non-security related issues. All present expressed their gratitude to Coalition Forces (CF). However, PC Chairman Ibrahim warned that key areas, notably Manuria, the edges of Khalis, and the border with Iran, remained hotbeds of terrorist activities, with strong financing and weaponry flowing from Iran. Ibrahim claimed that 50 percent of Diyala's security problems could be resolved by upgrading the primitive equipment of Iraqi border police.

**¶4.** (C) While acknowledging the improved security environment, Governor Ra'ad argued that it is equally important to promote economic security. He said the provincial government must implement job-generating programs to address the province's high unemployment rate. Seeking U.S. support, Governor Ra'ad revealed provincial plans to build an electric power plant and sell 16 percent of the power generated to Baghdad and other regions; the provincial government also plans to refurbish the oil refinery in the Khanaqin area and develop gas wells in the Hamreen area.

¶ 15. (C) All provincial officials complained they received inadequate economic support from the central government and were constrained by the lack of authority to control their own budgets. PC Chairman Ibrahim contended that, whereas current budgets only address ten to 20 percent of the amounts required to repair the province's severely damaged infrastructure, passage of the Provincial Powers Act would authorize the province to establish its own treasury and raise adequate taxes to generate funds to address infrastructure problems. He also complained that donor countries have not honored their investment obligations to Diyala. D/Gov Auwf added that imports from neighboring countries undercut local farmers. They commented that corruption remained a concern and impediment to economic development.

¶ 16. (C) Governor Ra'ad told the Deputy Secretary that economic and social development was critical to Diyala's recovery efforts. He emphasized the need "to bring back the value of the human person," by adding value to Iraqis' lives through educational opportunities. He added that the Council of Representatives (CoR) needed to speed up passage of legislation. Chairman Ibrahim voiced concerns about efforts to establish a federal Republic as the CoR debates the Provincial Powers Act. D/Gov Auwf insisted that there must be focus on elections, de-Baathification, and the building of institutional capabilities, without regard to sect.

Calls for Continued U.S. Engagement

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¶ 17. (C) Diyala government officials sought continued USG support and cooperation, specifically with regard to economic development, but also in spurring CoR adoption of legislation defining Provincial Powers. PC Chairman Ibrahim specifically requested USG assistance to provide a unit that specializes

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in agricultural diseases.

¶ 18. (U) The Deputy Secretary's party has cleared this cable.

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